

**THE VERIZON TELEPHONE COMPANIES**

**TARIFF FCC Nos. 1 and 11**

**High-Definition Digital Video Transport Service**

**Price Cap Rate Change/Price Cap Restructure Filing**

**DESCRIPTION AND JUSTIFICATION**

**Transmittal No. 936**

**July 28, 2008**

<b>SECTION</b>	<b>DESCRIPTION</b>
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## **1.1 INTRODUCTION**

Verizon<sup>1</sup> submits tariff pages and supporting information (a) to reduce the minimum service period for High-Definition Digital Video Transport Service (Hi-Def DVTS) provided on a Month-to-Month basis from a three-month minimum period to one-month minimum period; and (b) a rate level change to replace the Nonrecurring Charge currently displayed as “None” for the Month-to-Month channel termination with an actual charge and (c) a rate level change to reduce the Month-to-Month Premises-to-Premises channel termination rate. Parts (a) and (b) of this filing are being issued as a price cap restructure under Section 61.3(l) of the Commission’s rules. The rate level change in Part (c) will ensure compliance with the Price Cap indices.

This filing is in compliance with and includes the necessary support material required by Sections 61.41 through 61.49 of the Commission’s Rules.

## **1.2 FILING DESCRIPTION**

Hi-Def DVTS is a broadband digital video transport channel with one-way point to point transmission capability of 19.39 Mbps high quality video as defined in American National Standard Institute/The Society of Motion Picture and Television Engineers (ANSI/SMPTE) Standard 310M or with one-way transmission capability of 1.485 Gbps as defined in ANSI/SMPTE Standard 292M. These standards describe a serial digital interface for equipment conforming to the SMPTE and Advanced Television Systems

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<sup>1</sup> The Verizon Telephone Companies participating in this filing include Verizon Delaware Inc.; Verizon Maryland Inc.; Verizon New England Inc.; Verizon New Jersey Inc.; Verizon New York Inc.; Verizon Pennsylvania Inc.; Verizon Virginia Inc.; Verizon Washington, D.C. Inc.; and Verizon West Virginia Inc.

Committee digital television standards. Hi-Def DVTS automatically detects the customer input as 19.39 Mbps or 1.485 Gbps and provides the compatible transport of the signal to the corresponding receiving channel termination in accordance with SMPTE standards.

Hi-Def DVTS is provided with an electrical interface and operates with a standard broadcast data stream as specified in the appropriate standards. The channel interface enables delivery of multiple video channels and/or digital audio signals, which are embedded in the digital transmission.

HD-DVTS offers service on a Month-to-Month basis, as well as under 1, 3 and 5 year term plans. HD-DVTS currently carries a three-month minimum period. This filing will reduce the Month-to-Month minimum period to one month in response to customer requests for a shorter minimum period. There will be no change to the minimum period associated with Hi-Def DVTS purchased under a term plan.

### **1.3 DESCRIPTION AND JUSTIFICATION**

Currently the month-to-month minimum period charges are embedded in the base period demand for the Hi-Def DVTS month-to-month channel termination rate elements in the Special Access price cap basket. Therefore, with this filing, the minimum period charge base period price cap demand data is being separated from the month-to-month channel termination demand data, resulting in the creation of a separate rate element and revenues for the minimum period (month-to-month plan only). The restructure of the month-to-month plan minimum period revenue is then reflected in the rate detail in the Price Cap

support to demonstrate the shift of month-to-month customers who experienced a minimum period charge during the base period (2007). Verizon is identifying demand of 94 customers with minimum period charges associated with Hi-Def DVTS Premises to Premises, Month-to-Month. The actual number of new circuits in the base period will be used as the demand for the new nonrecurring charge for Hi-Def DVTS Channel Terminations, One-Way Point of Termination, Premises to Premises, Month-to-Month amount in the price cap workpapers. See Workpaper Restructure. After the restructure, the nonrecurring charge price cap revenues will be \$29,250 for FCC No. 1 and \$41,250 for FCC No. 11, or a total of \$70,500.

The Month-to-Month Hi-Def DVTS Channel Terminations, One-Way Point of Termination, Premises to Premises rates are decreased from the current tariff rates of \$645.00 to \$589.50. This results in a revenue decrease to those customers of \$ 70,665 for both FCC Nos. 1 and 11.

Overall impact of the restructures and rate change is a total decrease in price cap revenues of \$165.

In Tariff FCC No. 1, Hi-Def DVTS Channel Terminations, Premises to Hub, Month-to-Month will also have a reduced minimum period, an increased nonrecurring charge and a reduced channel termination rate; however, Hi-Def DVTS Premises to Hub was introduced as a new service in Tariff FCC No. 1 only under Transmittal No. 918 effective May 29, 2008 and is not yet under price caps.

Hi-Def DVTS pricing flexibility rates are also being revised under this filing to match the changes being filed to the price cap rates. Also, pricing flexibility rate elements are being introduced for those rate elements introduced May 29, 2008 in Tariff FCC No. 1 under Transmittal No. 918.

## **SECTION 2**

### **2.1 COMPLIANCE WITH RULES**

Support information as specified in Sections 61.49 of the Commission's Rules is attached. The support documentation contains the necessary Workpapers. The supporting documentation addresses the restructure and rate changes associated with Hi-Def DVTS Month to Month in FCC Tariff Nos. 1 and 11.

Based on these assumptions, this restructure and rate change results in Price Cap revenues decreasing overall by \$165. Workpapers providing documentation for this restructure are found in the Workpaper Restructure, Workpaper SA Rates and Revenues, and Workpaper Revenue Summary.

## SECTION 3

### 3.1 WORKPAPERS AND TARIFF REVIEW PLANS

#### INTRODUCTION

Verizon has provided the necessary detail to support the calculations of indices in various Workpapers. The following is the index of such Workpapers.

#### Workpaper Index

Workpaper Revenue Summary	Revenue Summary
Workpaper SA Rates and Revenues	Rates and Revenues—Special Access Basket
Workpaper Restructure-Current and Proposed SA FCC 1	Current and Proposed Hi-Def DVTS Channel Terminations, One-Way Point of Termination, Premises to Premises, Month to Month Structure, FCC 1, Special Access Basket
SA FCC 11	Current and Proposed Hi-Def DVTS Channel Terminations, One-Way Point of Termination, Premises to Premises, Month to Month Structure, FCC 11, Special Access Basket

#### Tariff Review Plan

#### Tariff Review Plan (VZTC)

ANALYZER	TRP Analyzer
COSA IND-1	Price Cap Indices Display
COSA PCI-1	Price Cap Index Calculations
COSA TGT	Targeting: Inputs and Aggregate Target
COSA SUM-1	Price Out Summary
COSA EXG-1	Exogenous Cost Changes
COSA EXG-2	Net Exogenous Cost Shifts
COSA RTE-1	Rate Detail
CAP-1 (COSA)	Calculation of EUCL Limit, PICC and CCL Rates
CAP-2 (COSA)	Manual Input of EUCL rates
CAP-3 (COSA)	Calculation of Minimum and Maximum End User Rates
CAP-4 (COSA)	Allocation of Pool Revenues to MLB PICC and MLB EUCL
CAP- 5 (COSA)	Verification of Recovered CMT Revenue